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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 001353

SIPDIS

DEPT FOR EUR/CACEN, EUR/ACE FOR TOM ADAMS
PLEASE PASS USAID EGAT FOR WALTER HALL
DOE FOR CHARLES WASHINGTON

E.O. 12958: DECL: 07/20/2015

TAGS: [ENRC](#) [EAID](#) [AM](#)

SUBJECT: TIME FOR PRAGMATISM: ARMENIA PLANS TO KEEP
NUCLEAR PLANT OPERATING

REF: A) YEREVAN 1039 B) YEREVAN 1096

Classified By: CDA A.F. Godfrey for reason 1.4 (b/d).

SUMMARY

1. (C) Despite U.S. and European pressure on Armenia to close the Armenia Nuclear Power Plant (ANPP), the Government of Armenia does not believe it has an alternative to continuing the plant's operation until 2016 and beyond (reftels). Armenia also believes that, thanks to the assistance of foreign donors (first and foremost the U.S. Department of Energy), the ANPP is now "acceptably safe." U.S. experts generally agree with both of the above conclusions, but caveat them with the warning that the design of ANPP will never fully meet Western standards for safety. The GOAM has decided to continue to operate ANPP.

2. (C) Because of our policy to urge the GOAM to close ANPP, Department of Energy (DOE) assistance programs have not focused on safety and security upgrades for the medium- and long-term, but have instead favored short-term fixes. DOE experts and the ANPP managers believe that the essential and feasible short-term upgrades are now complete and agree that the most pressing safety upgrade is construction of a full-scale simulator. Given the GOAM's plan to keep the plant open at least until 2016, we believe that our resistance to use assistance funds for longer-term safety upgrades of the ANPP should be revisited and that DOE should be permitted to consider funding the full-scale simulator.
End Summary.

POLITICAL PRESSURE ALONE WON'T CLOSE THE PLANT

3. (C) We and the European Commission (EC) have long said that the ANPP should close as soon as practically possible. Nevertheless, since missing the EC's decommissioning deadline in 2004, Armenia has been consistent in its position that it will not set a decommissioning date until it has guaranteed diversity in its electricity supply and reasonable end-user electricity tariffs. In exchange for closing the ANPP early, the European Commission had offered the GOAM Euro 100 million in assistance, far too little for the GOAM to change its position (ref B). The money that Armenia needs to establish diverse supply, to cover the higher of costs of non-nuclear generation, to replace its aging thermal power plants, and to pay for the decommissioning of the ANPP are daunting even if Armenia puts off decommissioning by another fifteen years. American energy experts say, and we agree, that there is no economically viable alternative to operating ANPP at least until its planned life expires in 2016.

PLANT LIKELY TO OPERATE LONG-TERM

4. (C) Nuclear experts from the U.S. Department of Energy who work with the plant have told us that there is no physical reason that the GOAM could not operate the plant until 2025, assuming the Ministry could pressure the Armenia Nuclear Regulatory Agency into granting an extended license. Plant Manager Gagik Markosyan told us that he has looked into different extension packages and that the GOAM is seriously considering prolonging the plant's operational life beyond 2016.

LEVEL OF SAFETY IS ACCEPTABLE TO GOAM

5. (C) GOAM and DOE experts agree that the plant cannot be brought to a level of safety required of modern plants in the U.S. and Europe. Specifically, the plant lacks a containment dome around the reactor, and has few tools to mitigate the spread of radioactivity in case of a disaster. Nevertheless, the GOAM and DOE experts also agree that besides the lack of

mitigation, the plant is in good shape and the chance of a catastrophic disaster is acceptably low. DOE project managers tell us that the plant is much safer now than it was ten years ago (thanks to nearly USD 80 million in foreign assistance, including USD 43 million from the USG), but that continued operation will require more investment in safety, especially in training for a new, second generation of personnel. The biggest threat to the safety of the plant is now not the equipment, they say, but human error.

DOE ASSISTANCE IS CURRENTLY FOCUSED ON SHORT-TERM

16. (C) During a July 20 tour of the plant with a project manager from the U.S. Department of Energy, ANPP director told us that the USG assistance to the nuclear plant is not focused on those upgrades that would most enhance the safety of the plant. In a May 2005 visit, Richard Reister, manager of the International Nuclear Safety Program at the DOE, agreed, saying that important long-term upgrades had not been made due to USG policy based on the assumption that the plant would close in 2004. Rather than build a full control room simulator to train personnel in dealing with incidents and avoiding disasters, DOE supplied a software-based computer version. Even though the full control room simulator fits within ongoing DOE budgets, it was hard to justify when we believed that that plant would close in 2004 or soon thereafter. Given that the plant will operate at least in the mid-term, plant managers and the DOE project managers agree that a full control room simulator is the best possible investment in the future safety of the ANPP.

COMMENT: CHANGE ASSISTANCE, NOT STATED POLICY

17. (C) We believe that our previous opposition to mid- and long-term upgrades for the ANPP should be revisited. We cannot ignore the fact that the plant is going to operate at least in the mid-term, and that Armenia has few viable options to replace the plant. We should not change our stated position on the plant's operation: the ANPP should close as soon as practically possible, but the USG should continue to assist the plant to operate as safely as possible while it remains open. Within this stated position, we believe that the DOE should be authorized to provide the assistance that will most enhance the safety and security of the plant during its likely operational life, rather than its ideal operational life. Specifically, we do not believe that our opposition to the plant's continued operation should stop the DOE providing what it believes to be the most important safety upgrade in favor of second-best assistance.
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